

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Frank, Oliverson, Raymond, White, et al.

H.B. No. 3752

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the offering of health benefits by subsidiaries of the  
3 Texas Mutual Insurance Company.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2054.107, Insurance Code, is amended to  
6 read as follows:

7 Sec. 2054.107. CERTAIN RELATIONSHIPS WITH OTHER INSURERS  
8 PROHIBITED. Except as provided by Section 2054.602, the [~~The~~]  
9 company may not have:

10 (1) an affiliate, spin-off, or subsidiary that writes  
11 a line of insurance other than workers' compensation insurance; or

12 (2) interlocking boards of directors with an insurer  
13 that writes a line of insurance other than workers' compensation  
14 insurance.

15 SECTION 2. Chapter 2054, Insurance Code, is amended by  
16 adding Subchapter M to read as follows:

17 SUBCHAPTER M. SUBSIDIARIES AUTHORIZED TO PROVIDE HEALTH BENEFIT

18 COVERAGE

19 Sec. 2054.601. DEFINITION. In this subchapter,  
20 "alternative health benefit coverage" means health benefit  
21 coverage:

22 (1) provided by a subsidiary of the company that is not  
23 authorized to engage in the business of insurance in this state;

24 (2) offered only to:

1                   (A) individuals;  
2                   (B) small businesses with not more than 250  
3 full-time equivalent employees; or  
4                   (C) the company's policyholders or their  
5 employees; and

6                   (3) that is not:

7                   (A) provided through an insurance policy or other  
8 product the offering or issuance of which constitutes the business  
9 of insurance in this state; or

10                   (B) benefit coverage subject to the laws  
11 governing workers' compensation in this state.

12                   Sec. 2054.602. HEALTH BENEFIT COVERAGE OFFERED BY  
13 SUBSIDIARY AUTHORIZED. (a) The company may create, acquire, or  
14 otherwise own or operate one or more subsidiaries that offer  
15 accident or health insurance or another type of health benefit  
16 coverage or health benefit plan as provided by this subchapter.

17                   (b) A subsidiary of the company may offer in this state:

18                   (1) accident or health insurance or another type of  
19 health benefit plan authorized under this code, in accordance with  
20 a certificate of authority issued to the subsidiary under this  
21 code; or

22                   (2) alternative health benefit coverage as described  
23 by Section 2054.601.

24                   (c) The company may not be held liable for an act or  
25 obligation of a subsidiary of the company operating under this  
26 section.

27                   (d) A subsidiary of the company may not offer or issue any

1 policy, plan, or benefit coverage under this section before January  
2 1, 2023. This subsection expires September 1, 2023.

3 Sec. 2054.603. CONSIDERATIONS AND GUIDING PRINCIPLES FOR  
4 DEVELOPING HEALTH BENEFITS OFFERINGS. In developing health  
5 benefits or health benefit plan options to be offered through a  
6 subsidiary of the company, the company shall fully explore all  
7 health coverage options that may be offered under this subchapter  
8 and place emphasis on:

9 (1) increasing competition in the health insurance  
10 market;

11 (2) utilizing innovations that improve the quality of  
12 health care while lowering health care costs;

13 (3) ensuring coverage and access to care for  
14 individuals in this state with preexisting conditions;

15 (4) leveraging federal tax credits that may be  
16 available for private health benefit coverage to the greatest  
17 extent possible to increase the affordability of health benefit  
18 coverage;

19 (5) ensuring transparency and coherence of costs and  
20 coverage to inform individuals shopping for health benefits;

21 (6) reducing incidences of medical debt faced by  
22 individuals in this state and uncompensated care faced by providers  
23 in this state; and

24 (7) ensuring equitable costs regardless of gender or  
25 prospects of pregnancy or childbirth.

26 Sec. 2054.604. RULES. Except with respect to alternative  
27 health benefit coverage as described by Section 2054.601 or a

1 subsidiary of the company offering alternative health benefit  
2 coverage, the commissioner may adopt rules as necessary to  
3 implement this subchapter.

4 Sec. 2054.605. EXEMPTION FROM OTHER INSURANCE LAWS. A  
5 provision of this code, other than this chapter, does not apply to  
6 alternative health benefit coverage as described by Section  
7 2054.601 unless alternative health benefit coverage is expressly  
8 mentioned in the other law.

9 SECTION 3. This Act takes effect September 1, 2021.

ADOPTED

MAY 25 2021

By: Hancock

Lately Secretary of the Senate H.B. No. 3752

Substitute the following for \_\_\_B. No. \_\_\_\_\_:

By: Kelly Harmon

C.S. H.B. No. 3752

A BILL TO BE ENTITLED

AN ACT

relating to the offering of health benefit coverage by subsidiaries of the Texas Mutual Insurance Company.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2054.107, Insurance Code, is amended to read as follows:

Sec. 2054.107. CERTAIN RELATIONSHIPS WITH OTHER INSURERS PROHIBITED. Except as provided by Section 2054.602, the [The] company may not have:

(1) an affiliate, spin-off, or subsidiary that writes a line of insurance other than workers' compensation insurance; or

(2) interlocking boards of directors with an insurer that writes a line of insurance other than workers' compensation insurance.

SECTION 2. Chapter 2054, Insurance Code, is amended by adding Subchapter M to read as follows:

SUBCHAPTER M. SUBSIDIARIES AUTHORIZED TO PROVIDE HEALTH BENEFIT COVERAGE

Sec. 2054.601. DEFINITION. In this subchapter, "alternative health benefit coverage" means health benefit coverage:

(1) provided by a subsidiary of the company that is not authorized to engage in the business of insurance in this state;

(2) offered only to:

1                   (A) individuals;  
2                   (B) small businesses with not more than 250  
3 full-time equivalent employees; or

4                   (C) the company's policyholders or their  
5 employees; and

6                   (3) that is not:

7                   (A) provided through an insurance policy or other  
8 product the offering or issuance of which constitutes the business  
9 of insurance in this state; or

10                   (B) benefit coverage subject to the laws  
11 governing workers' compensation in this state.

12                   Sec. 2054.602. HEALTH BENEFIT COVERAGE OFFERED BY  
13 SUBSIDIARY AUTHORIZED. (a) The company may create, acquire, or  
14 otherwise own or operate one or more subsidiaries that offer  
15 accident or health insurance or another type of health benefit  
16 coverage or health benefit plan as provided by this subchapter.

17                   (b) A subsidiary of the company may offer in this state:

18                   (1) accident or health insurance or another type of  
19 health benefit plan authorized under this code, in accordance with  
20 a certificate of authority issued to the subsidiary under this  
21 code; or

22                   (2) alternative health benefit coverage as described  
23 by Section 2054.601.

24                   (c) A subsidiary of the company may not offer or issue an  
25 occupational policy for an employer or an employer's employees  
26 covering an occupational bodily injury, disease, or death that  
27 explicitly provides liability coverage to an employer that elects

1 not to maintain workers' compensation insurance coverage under  
2 Chapter 406, Labor Code.

3 (d) A subsidiary of the company may not offer or issue any  
4 policy, plan, or benefit coverage under this section before  
5 September 1, 2023. This subsection expires September 1, 2023.

6 Sec. 2054.603. CONSIDERATIONS AND GUIDING PRINCIPLES FOR  
7 DEVELOPING HEALTH BENEFIT COVERAGE OFFERINGS. (a) In developing  
8 health benefit coverage or health benefit plan options to be  
9 offered through a subsidiary of the company, the company shall  
10 fully explore all health coverage options that may be offered under  
11 this subchapter and place emphasis on:

12 (1) increasing competition in the health insurance  
13 market;

14 (2) utilizing innovations that improve the quality of  
15 health care while lowering health care costs;

16 (3) ensuring adequacy of benefits and access to care  
17 for individuals in this state with preexisting conditions;

18 (4) issuing coverage in a manner that does not  
19 discriminate against individuals with preexisting conditions;

20 (5) leveraging federal tax credits that may be  
21 available for private health benefit plans to the greatest extent  
22 possible to increase the affordability of health benefit plans;

23 (6) ensuring transparency and coherence of costs and  
24 coverage to inform individuals shopping for health benefits;

25 (7) reducing incidences of medical debt faced by  
26 individuals in this state and uncompensated care faced by providers  
27 in this state; and

1           (8) ensuring equitable costs regardless of gender or  
2 prospects of pregnancy or childbirth.

3           (b) Not later than September 1, 2022, the company shall  
4 submit to the legislature a report explaining how any anticipated  
5 health benefit coverage offerings would comply with all  
6 considerations and guiding principles for developing health  
7 benefit coverage offerings under Subsection (a). This subsection  
8 expires January 1, 2023.

9           Sec. 2054.604. RULES. Except with respect to alternative  
10 health benefit coverage as described by Section 2054.601 or a  
11 subsidiary of the company offering alternative health benefit  
12 coverage, the commissioner may adopt rules as necessary to  
13 implement this subchapter.

14           Sec. 2054.605. EXEMPTION FROM OTHER INSURANCE LAWS. A  
15 provision of this code, other than this chapter, does not apply to  
16 alternative health benefit coverage as described by Section  
17 2054.601 unless alternative health benefit coverage is expressly  
18 mentioned in the other law.

19           Sec. 2054.606. SUBSIDIARY NOT ENGAGED IN BUSINESS OF  
20 INSURANCE. Notwithstanding any other provision of this code, for  
21 the purposes of offering alternative health benefit coverage as  
22 described by Section 2054.601, a subsidiary of the company that  
23 acts in accordance with this subchapter is not an insurer and is not  
24 engaging in the business of insurance in this state.

25           Sec. 2054.607. RISK TRANSFER OR COVERAGE. A subsidiary of  
26 the company that offers health benefit coverage under this  
27 subchapter may contract with an outside company authorized to

1 engage in the business of insurance in this state that is not under  
2 common control with the company or the subsidiary to:

3 (1) transfer to the outside company all or a portion of  
4 the subsidiary's risks arising from health benefit coverage offered  
5 under this subchapter; or

6 (2) obtain insurance coverage from the outside company  
7 guarantying the subsidiary's obligations arising from health  
8 benefit coverage offered under this subchapter.

9 Sec. 2054.608. EXPIRATION OF SUBCHAPTER. This subchapter  
10 expires August 31, 2023.

11 SECTION 3. This Act takes effect September 1, 2021.

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 27, 2021**

**TO:** Honorable Dade Phelan, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3752** by Frank (Relating to the offering of health benefit coverage by subsidiaries of the Texas Mutual Insurance Company.), **As Passed 2nd House**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Insurance Code relating to the offering of health benefit coverage by subsidiaries of the Texas Mutual Insurance Company. Based on information provided by the Texas Department of Insurance, this analysis assumes that the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

According to the Texas Association of Counties, no significant fiscal impact to counties is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JMc, SD, SZ, MB, MPUK, AAL, AF

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 20, 2021**

**TO:** Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE:** **HB3752** by Frank (relating to the offering of health benefit coverage by subsidiaries of the Texas Mutual Insurance Company.), **Committee Report 2nd House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Insurance Code relating to the offering of health benefit coverage by subsidiaries of the Texas Mutual Insurance Company. Based on information provided by the Texas Department of Insurance, this analysis assumes that the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

According to the Texas Association of Counties, no significant fiscal impact to counties is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JMc, SZ, MB, MPUK, AAL, AF

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 17, 2021**

**TO:** Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3752** by Frank (Relating to the offering of health benefits by subsidiaries of the Texas Mutual Insurance Company.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Insurance Code relating to the offering of health benefits by subsidiaries of the Texas Mutual Insurance Company. Based on information provided by the Texas Department of Insurance, this analysis assumes that the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

According to the Texas Association of Counties, no significant fiscal impact to counties is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JMc, SZ, MB, MPUK, AAL, AF

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 16, 2021**

**TO:** Honorable Tom Oliverson, Chair, House Committee on Insurance

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3752** by Frank (relating to the offering of health benefits by subsidiaries of the Texas Mutual Insurance Company.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Insurance Code relating to the offering of health benefits by subsidiaries of the Texas Mutual Insurance Company. Based on information provided by the Texas Department of Insurance, this analysis assumes that the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

According to the Texas Association of Counties, no significant fiscal impact to counties is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JMc, AAL, MB, MPUK, AF

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 5, 2021**

**TO:** Honorable Tom Oliverson, Chair, House Committee on Insurance

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3752** by Frank (Relating to the provision of health benefits coverage through the creation of the Texas Mutual Health Coverage Plan.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Insurance Code relating to the provision of health benefits coverage through the creation of the Texas Mutual Health Coverage Plan. Based on information provided by the Texas Department of Insurance, this analysis assumes that the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

According to the Texas Association of Counties, no significant fiscal impact to counties is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JMc, AAL, MB, MPUK, AF